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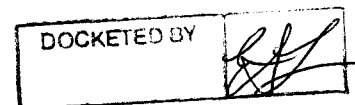
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ROC #'s 239362, 242972**Letter of Support for Solar in Tucson**RE: DOC E-01933A-13-0224
Chairman Bob Stump
Commissioner Gary Pierce
Commissioner Bob Burns
Commissioner Brenda Burns
Commissioner Susan Bitter Smith

Arizona Corporation Commission

DOCKETED

OCT 15 2013



Mr. Chairman and fellow commissioners,

I am writing to express my concern over the staff ROO response to the TEP REST plan for solar in the Tucson area. The intent of the residential incentives for solar was to support distributed generation (DG) just enough to entice homeowner's to go ahead with installations, and not too much to waste rate payer money. While panel prices have fallen dramatically in the past few years, we saw the bottom earlier this summer and have actually see prices increase a \$0.03-\$0.08/W recently. The return on investment on my lowest cost systems, installed at ~\$3.00/W is just over ten years with the 2013 incentive of \$0.10/W, which has reduced my sales for 2013 11% from 2012 levels for PV, and by 73% for solar water heating. I have three main concerns/recommendations for the ACC to consider for the 2014 TEP REST case: (1) Contrary to staff ROO, fund customer owned (not leased) systems at \$0.20/W to keep a minimally successful residential industry afloat, (2) Regardless of solar electric incentive levels, keep a minimum of \$0.40/kWhr saved for solar water heating, a more beneficial system for families who may not be able to afford solar electric systems, and (3) Keep current Net Metering rules as this is crucial for solar adoption rates needed to reach 15% by 2025.

- (1) Contrary to staff ROO, fund customer owned (not leased) systems at \$0.20/W to keep a minimally successful residential industry afloat. Although the current incentive budget was exhausted in September of 2013 at \$0.10/W, a majority of these systems were leased systems who get to inflate their real cost and extract higher federal tax credits for the same public good, while new customer owned systems fell dramatically. At the \$0.10/W, better than \$0.00, I can offer customers with simple installations a return on investment in the 10-11 year range. While this is not terrible, I had a 11% reduction in

PV sales, compared to previous years with a return on investment in the 8-10 year range. Setting the owned incentive at \$0.20/W would be enough to keep this very important part of the local solar industry viable for customer's to have good choice in local installation and service, while allowing the lease industry to continue to take advantage of higher federal tax credits.

- (2) Regardless of solar electric incentive levels, keep a minimum of \$0.40/kWhr/yr saved for solar water heating, a more beneficial system for families who may not be able to afford solar electric systems. For families of three or more, a solar water heating system is the most cost effective method of solar installation with return on investment in the 6-9 year range, with a net investment of \$2000. Without the 2013 \$0.40/kWhr incentive, this cost goes up to \$2800 with a return on investment in the 9-12 year range. I have already seen a 73% drop in solar water heating adoption with the reduction from \$0.50/kWhr to \$0.40/kWhr, the staff oversight of support for this technology will be a disaster for the industry, and a serious reduction in choice for consumers.
- (3) Keep current Net Metering rules as this is crucial for solar adoption rates needed to reach 15% by 2025. Net metering is of vital importance to making residential solar adoption economically feasible. While I understand that customers with 100% solar coverage versus their usage are avoiding distribution cost, clean energy should be valued higher than dirty fossil fuel energy, and residential PV represents a small portion of the total consumption and will not be a significant drain on utility profits or cost to other rate payers. If a charge for net metering is to be established as staff has proposed, it must be kept extremely low in order for TEP to reach its DG goals, and to continue to have local provider choice for consumers who still want to go solar despite long returns on investment.

In closing, I urge the Arizona Corporation Commission to rise to this very important occasion and support reasonable incentive levels for solar electric systems; recognize and support the value of solar water heating and it's need for current incentive levels separate from PV; and to continue the current Net Metering rules, or at the very least, minimize additional costs for Net Metering that will make it harder for customers to adopt solar energy for their homes.

Thank you for your consideration,

Jeff Shoemaker, Owner
Custom Solar and Leisure
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